

Message Text

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PAGE 01 LAGOS 07694 061420Z

56

ACTION EB-07

INFO OCT-01 AF-08 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06

AID-05 FRB-03 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 EUR-12 PM-04 H-02 L-03

NSC-05 PA-01 PRS-01 SS-15 /108 W
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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 5740

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E.O. 11652: N/A

TAGS: EWWT, FECRE, NI

SUBJECT: LAGOS PORT: IMPORTANT CONSTRUCTION CONTRACT AWARDED;
FERTILIZER IMPORTS NOT CAUSING CONGESTION

1. CONSTRUCTION AWARD FOR TEN NEW BERTHS ON TIN CAN ISLAND IN BADAGRY CREEK, LAGOS, WON BY GERMANY'S JULIUS BERGER LTD. LAST WEEK FOR RUMORED PRICE OF 200 MILLION NAIRA (320 MILLION DOLLARS). BERGER BARELY EDGED OUT DUTCH COMPETITOR. AWARD CAME AFTER MONTHS OF HARD BARGAINING REFLECTING FMG'S NEW EMPHASIS ON HOLDING COSTS DOWN. RESULT HAS BEEN HARD-NOSED APPROACH BY BERGER IN TURN TOWARD SUB-CONTRACTORS. U.S.'S RAYMOND INTERNATIONAL, WHICH HAS DONE MOST OF PILING WORK FOR BERGER'S OTHER LOCAL PROJECTS, HAS HAD ITS OWN SUB-BIDS FOR TIN CAN THUS FAR REJECTED BY BERGER, WHICH THREATENS TO START ITS OWN PILE-DRIVING FIRM. BERGER HAS RECENTLY MERGED WITH ANOTHER FIRM IN GERMANY TO BECOME ONE OF LARGEST CONSTRUCTION COMPANIES IN GERMANY. IT HAS BEEN IN NIGERIA FOR ABOUT 18 YEARS, HAS BUILT MOST NEW ROADS AND BRIDGES AROUND LAGOS AND HAS EARNED REPUTATION OF COMPLETING PROJECTS ON OR AHEAD OF SCHEDULE DESPITE FORMIDABLE OBSTACLES.

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PAGE 02 LAGOS 07694 061420Z

2. TIN CAN ISLAND EVENTUALLY TO HAVE 42 BERTHS, ASSIGNED IN SERIES OF FOUR TENDERS. RAYMOND PREPARING TO BID AS GENERAL CONTRACTOR ON REMAINING 32. PROJECT CHARACTERIZED BY HOSTILITY AND LACK OF COORDINATION BETWEEN NIGERIAN PORT AUTHORITY AND MINTRANSPORT. LATTER HAS MADE DECISIONS, GIVEN OUT CONTRACTS WITHOUT CONSULTING NPA."

3. EXAMPLE OF GOOD COOPERATION IS BETWEEN NPA AND MINAGRICULTURE ON IMPORT OF FERTILIZERS FOR OPERATION FEED THE NATION PROGRAM. IN AN APPARENTLY SUCCESSFUL EFFORT TO HEAD OFF REPEAT OF PORTS PARALYSIS CAUSED BY OVERLY MASSIVE CEMENT IMPORTS OF 1976, MINAGRICULTURE AGREED TO SUBSIDIZE 50 PERCENT OF FERTILIZER PURCHASE COSTS OF STATES IN TURN FOR STRICT FEDERAL CONTROL OF IMPORTATION. MINISTRY HAS ASSIGNED PURCHASE AUTHORITY TO 3 NIGERIAN FIRMS WHICH HAVE PLACED ORDERS WITH GERMAN AND DUTCH SUPPLIERS FOR A TOTAL 50,000 METRIC TONS. THIS IS BEING DELIVERED IN CAREFULLY COORDINATED SHIPMENTS DURING 4 WEEKS OF JULY. NO CONGESTION JAM-UP FORESEEN BY FMG DESPITE EARLIER RUMORS OF ANOTHER MESS RESEMBLING THE CEMENT FIASCO.
CROSBY

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